

WAYNE STRUMPFER (CA BAR NO. 160080)  
Acting California Corporations Commissioner  
ALAN WEINGER (CA BAR NO. 86717)  
Acting Deputy Commissioner  
LINDSAY HERRICK (CA BAR NO. 224986)  
Corporations Counsel  
DEPARTMENT OF CORPORATIONS  
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of	)	FILE NO. 113766
	)	
THE CALIFORNIA CORPORATIONS	)	ORDER DENYING APPLICATION FOR AN
COMMISSIONER,	)	INVESTMENT ADVISER CERTIFICATE
	)	PURSUANT TO CORPORATIONS CODE
	)	SECTION 25232
Complainant,	)	
v.	)	
	)	
HFA MANAGEMENT, LLC	)	
	)	
Respondent.	)	
	)	
	)	
	)	
	)	

1. Respondent, HFA Management, LLC (“HFA”) is a California limited liability company, formed on July 3, 2002, and is located at 1902 Wright Place, Suite 200, Carlsbad, California 92008. At all relevant times, Lawrence Irwin Kravetz (“Kravetz”), was the managing and sole member of HFA.

2. On June 19, 2005, the Commissioner served Respondent by personal service with copies of the following documents: (1) Notice of Intention to Issue Order Denying Application for an Investment Adviser Certificate Pursuant to Corporations Code Section 25232; (2) Statement of Issues in Support of Notice of Intention to Issue Order Denying Application for an Investment

1 Adviser Certificate Pursuant to Corporations code Section 25232; (3) Statement to Respondent; (4)  
2 Notice of Defense; (5) and copies of Government Codes sections 11507.5, 11507.6 and 11507.7.

3         3.         In the Statement of Issues in Support of Notice of Intention to Issue Order Denying  
4 Application for an Investment Adviser Certificate (“Statement”) served upon HFA, the  
5 Commissioner alleged multiple causes for denial of Respondent’s investment adviser certificate  
6 pursuant to the Corporate Securities Law of 1968 (Corp. Code § 25000 et seq.) and the regulations  
7 found thereunder at California Code of Regulations, title 10 (§ 260.000 et seq.).

8         4.         These causes for denial are based on a review of HFA’s sole managing member’s  
9 public record with the National Association of Securities Dealers (“NASD”), a national securities  
10 association, and those contained in the Central Registration Depository (“CRD”), which revealed a  
11 history of prior actions against Kravetz including but not limited to:

12         (a)         An action on November 30, 1999, where Kravetz, acting as principal of Lumiere  
13 Securities, Inc. (“Lumiere”) submitted a Letter of Acceptance, Waiver, and Consent (AWC) to the  
14 NASD, pursuant to which he was censured and fined \$50,000 jointly and severally with Lumiere,  
15 and was ordered to disgorge \$125,000 in profits. (NASD Case No. C3A990063.) Collection efforts  
16 with respect to the fine and disgorgement are suspended unless and until Kravetz files an application  
17 to become associated with a member firm, or Lumiere applies to become an NASD member.  
18 Payment of the fine is a prerequisite for the granting of any application for re-entry. Among other  
19 sanctions, Kravetz could also not become associated in a principal capacity with any member firm  
20 that was a Market Maker in or effects principal or agency transactions in equity securities not traded  
21 on the Nasdaq Stock Market or an exchange for two years from the date the AWC became final,  
22 unless the NASD permitted such association.

23         (b)         Kravetz consented to the sanctions and the entry of findings that Lumiere, acting  
24 through Kravetz, received compensation, directly or indirectly, from issuers, affiliates of issuers,  
25 and/or promoters for making Form 211 filings, which are used to make quotations and represent  
26 compliance with other SEC and NASD rules regarding quotations, and for entering quotations,  
27 and/or making a market. The findings also stated that Lumiere, acting through Kravetz, entered a  
28 priced quotation for which it had previously filed a Form 211 for unpriced quotations without filing

1 supplements, and entered a quotation and commenced making a market without a reasonable,  
2 independent basis for the quotation. The findings also stated that Lumiere, acting through Kravetz,  
3 maintained inventory in amounts that exceeded the amount permitted by the firm's restriction  
4 agreement, failed to implement firm Element Continuing Education, and failed to report Non-  
5 Nasdaq OTC transactions in a timely manner or with the correct capacity designator.

6 (c) Kravetz's prior disciplinary history in the securities industry includes another AWC  
7 accepted by the NASD on December 16, 1998 for Membership Agreement violations relating to  
8 Lumiere exceeding its permissible inventory level. Sanctions there included a censure and a fine of  
9 \$7,500 jointly and severally. And on June 13, 1995, LIK Securities, the predecessor of Lumiere, and  
10 Kravetz along with another individual, were censured and fined \$2,500 jointly and severally for  
11 failure to maintain adequate net capital which was corrected and was not shown to cause customer  
12 harm or risk of harm.

13 (d) HFA and Kravetz have also not been granted a certificate as an investment adviser  
14 and investment adviser representative by the State of Colorado's Division of Securities ("Division").  
15 The Division conducted an examination of the applications filed, which in turn led to charges and  
16 allegations filed against HFA and Kravetz. As a result, HFA and Kravetz submitted an Undertaking,  
17 agreeing to withdraw their respective applications for the Division dismissing its action, and further  
18 agreed to not to submit another application until Kravetz has satisfied the conditions imposed upon  
19 him in the NASD's 1999 acceptance of the AWC, or five (5) years have passed from the date of the  
20 AWC. The Undertaking was accepted by order of the Division on January 2, 2002.

21 5. On June 28, 2005, Kravetz, on behalf of HFA submitted a Notice of Defense and  
22 requested a hearing upon this matter. The hearing was continued on July 25, 2005 and scheduled to  
23 take place on November 1, 2005 at 10:00 o'clock a.m. in the San Diego Office of Administrative  
24 Hearings. However, on October 27, 2005, the Department received Respondent's withdrawal for its  
25 request for a hearing under its Notice of Defense.

26 Based upon the foregoing, the Commissioner finds it is in the public interest to deny an  
27 investment adviser certificate to HFA, pursuant to Corporations Code section 25232 for acts  
28 committed as specified in Corporations Code section 25232(d). NOW THEREFORE, GOOD

1 CAUSE SHOWING, and pursuant to Corporations Code section 25232(d), it is hereby ordered that  
2 Respondent HFA is denied an investment adviser certificate. This order is effective immediately.

3 Dated: November 22, 2005

WAYNE STRUMPFER  
Acting California Corporations Commissioner

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5 By: \_\_\_\_\_  
6 ALAN S. WEINGER  
7 Acting Deputy Commissioner  
8 Enforcement Division  
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